

Hearing by the House Committee on Ways and Means, Subcommittee on Social Security on Securing the Future of the Social Security Disability Insurance (SSDI) Program

**Statement of James F. Allsup, Belleville, Ill.
President, CEO and Founder of Allsup**

Chairman Johnson and Members of the Subcommittee, thank you for considering my written testimony today regarding the importance of the Social Security Disability Insurance (SSDI) program as a vital financial safety net for American workers and the financial challenges the program faces.

My name is James Allsup, and I am a former employee of the Social Security Administration and the founder and CEO of Allsup, a national non-attorney SSDI representative company. Since 1984, we have helped more than 170,000 individuals obtain disability benefits. Along the way, we have obtained unique insights into the challenges of those with disabilities.

First, allow me to point out that the current economic problems have a very high impact on those with disabilities. Our research suggests the problem is even worse for Americans with disabilities who are still able to work. The *Allsup Disability Study: Income at Risk* found that as of October 2011, the unemployment rate for people with disabilities was more than 85 percent higher than the rate for people without disabilities. While 8.8 percent of Americans overall were considered unemployed, 16.3 percent of Americans with disabilities could not find work. That's the highest rate of disability unemployment since reporting began in the fourth quarter of 2008.

For those who can no longer work, a safety net does exist in the SSDI program, which provides very modest regular monthly income, spouse and dependent benefits, and protected retirement benefits. But dramatic increases in applicants and limited resources for the program are putting an enormous strain on the system, making it even more difficult for Americans with disabilities to receive the help they need to avoid financial calamity.

While applications are actually down slightly this year compared to last year – 2.22 million people filed disability claims through the third quarter of 2011, compared to 2.23 million by the same time in 2010 – nearly 1.8 million people are in the SSDI backlog, with more than 750,000 at the hearing level alone. Recent SSA data shows the average wait time at the hearing level is 364.9 days. It's as high as 436 days in Ohio. The average cumulative wait time is more than 800 days, based on Allsup's analysis of the SSDI backlog. Eligible Americans with disabilities cannot and should not be waiting this long for decisions on their disability claims.

The financial impact of disability and the long wait for benefits have a dire effect on SSDI claimants. In July 2010, Allsup commissioned a survey of our claimants, including applicants waiting for a decision at various levels and those who have received an award. The average claimant is 52 years old, married, and likely has a high school or college degree.

But having a disability presents a heightened level of hardship. For example, 83 percent of SSDI claimants have health insurance coverage, but approximately one-third will lose their coverage while waiting for SSDI. Once they begin receiving SSDI benefits, they could wait months or years for Medicare coverage. One-third of our claimants depend on a caregiver – most likely a family member – to help them meet day-to-day challenges.

The financial strain is clear. One-third of pending claimants have missed or expect to miss a mortgage payment. One in five has filed or expects to file for bankruptcy. The stereotype of SSDI applicants as “freeloaders” is untrue: **85 percent have never used government assistance programs** prior to applying for SSDI, according to our survey.

SSDI can literally mean the difference between living below or above the poverty line for Americans with disabilities. The U.S. Department of Health and Human Services’ 2011 Poverty Guidelines¹ suggest the poverty line for a one-person household is \$10,890. Our survey found that 66 percent of pending claimants reported personal income below \$10,000. Once they were awarded SSDI benefits, only 18 percent reported personal income below \$10,000.

For households, the numbers are similar. Poverty Guidelines set a target of \$22,350 for a family of four. Half of all pending claimants in our survey reported a household income below \$20,000. After an SSDI award, 32 percent reported household income below \$20,000. That’s still too high, but the evidence is clear that for many individuals and families, SSDI benefits can help them stay in their home, with the lights on, rather than face foreclosure. It can mean they no longer have to purchase food for their family at the expense of their medical care.

These statistics, while powerfully disturbing, tend to overshadow the very direct and personal impact of a disability. Added to that is the lengthy wait for benefits, which affects the lives of Americans who face unthinkable levels of financial, emotional and mental stress. Often, this strain also affects those around them, who courageously and compassionately step in as caregivers for friends and family members with disabilities.

Every day, Allsup professionals hear stories from our pending claimants about the obstacles they face. Some face utility shut-off, as one recent 61-year-old claimant with severe osteoarthritis and depression did, or problems getting credit to tide them over until some financial resources are identified. One recent Allsup claimant was having difficulty finding reliable medical care, and his memory problems made matters worse. Another Allsup claimant couldn’t afford the prescriptions he needed to relieve his pain.

We interact on a daily basis with individuals coping with physical limitations and mental conditions that hinder their ability to cope with the basics of daily living—determining how they will sustain themselves with housing, food, utilities and receive the basic medical care they need.

Recently, we worked with a claimant who suffers from multiple sclerosis. Unable to work, he found himself struggling to afford his mortgage and utilities, and provide food for his six children. He even had trouble keeping his 16-month-old twins in diapers. The man was facing challenges most of us never have to face, and he felt lost and alone without knowing when help would come.

¹ <http://aspe.hhs.gov/poverty/11poverty.shtml>

Fortunately, Allsup is able to help many people and their families find temporary assistance that can help create some semblance of financial stability while they await an SSDI decision. We connected the father of six with a multiple sclerosis support group, which provided some emergency financial support, and a HUD housing counselor, who worked with him to explore mortgage options.

Tragically, though, too many people facing these immense hurdles give up and in desperation and depression, end their lives. Stories like these illustrate the tragic, personal nature of disability and the extent to which the long wait for SSDI benefits affects American's lives. These claimants' lives also highlight the urgent need for action to empower the Social Security Administration to meet these challenges head-on.

The problems don't necessarily stop when an SSDI claim is awarded. One recent claimant was awarded \$10,000 in retroactive benefits, but had accumulated \$20,000 in credit card debt to make ends meet while she waited. These types of situations are devastating and the repercussions may last for decades. It's absolutely critical that our government leaders understand the impact of disability, the acute needs met by the SSDI program, and do everything in their power to speed the disability determination process.

The dramatic increase in applications in recent years has put an enormous strain on the system. The increased pressure on the SSDI program has exacerbated, not created, the problems it faces, many of which stem from a lack of resources. Much of the public's attention is on the bigger Social Security retirement program, but SSDI is projected to run out of money as early as 2017, much sooner than the retirement program.

Here's the truth of the matter: People paid for this disability insurance while they were working, and now they desperately need these benefits.

It is imperative that Congress act to fully fund SSDI and pursue a comprehensive package of reforms that will restore SSDI to fiscal security, ensure that advances made in recent years can continue, and that disability claims backlogs not worsen. Efforts and new initiatives should be pursued, expanded and improved to make certain that those who are obviously eligible receive fast access to the insurance they paid for with their taxes. It's simply the right thing to do.